

State of Arizona Invitation for bid questions and replies:

Question:

Exhibit 4 (pages 35-37) notes the armored carrier pick-up locations, service days and times. However, the following information is also required by the armored carrier services in order for them to provide a competitive bid:

- Service days have not been provided for all locations
- What is the daily deposit amount per location (liability)?
- Are all of these locations receiving "Same-Day" delivery service to the vault?
- Can you provide us with the names of the carriers who are currently providing this service, by location?

Reply:

As stated in scope of work, section 11.1, page 28, pickups shall be Monday through Friday unless otherwise indicated.

Deposit liability in most cases is \$100,000.00 except for the State Treasurer's Office and Department of Revenue pickup locations which is \$200,000.00.

All armored car services are same day service to the vault.

Currently Loomis, Fargo & Co. is the main provider with the exception of the Tucson MVD locations which AT Systems West, Inc. provides services.

Question:

Uniform Instructions to Bidders #9

The sections states "Bidders are required to provide their Arizona Transaction Privilege Tax Number and/or Federal Tax Identification number in the space provided on the Offer and Acceptance Form." However the Offer and Acceptance Form included in the IFB does not have such a space. Should a Bidder add the requested information to the form?

Reply:

Yes, that would be acceptable.

Question:

7.2 Advanced Remittance Lockbox Services

What types of payments are received in the 3 current lockboxes?

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

7.2 Advanced Remittance Lockbox Services

Do you receive a remittance document/coupon with the payments?

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

7.2 Advanced Remittance Lockbox Services

Are you interested in converting the 2 manual lockboxes to image based lockboxes?

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

7.2 Advanced Remittance Lockbox Services

What information is data captured in each of the boxes?

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

7.2 Advanced Remittance Lockbox Services

Can you provide a sample file layout for the lockbox data transmission?

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

7.2 Advanced Remittance Lockbox Services

Can you provide samples of the remittance documents/coupons?

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

7.2 Advanced Remittance Lockbox Services

What information do you receive in the daily lockbox phone call?

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

7.2 Advanced Remittance Lockbox Services

Can you provide the processing instructions for the 3 lockboxes?

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

7.3 Payroll Card

Please provide full details of the payroll programs to be supported along with card, consumer protection and bank account requirements.

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

7.6 EBT (Electronic Benefit Transfer

The current Electronic Benefit Transfer Contract is part of a joint procurement with six other Western States and Guam and currently runs through 2011 which is beyond the timeframe of this Financial Services RFP. Is it intended that the current EBT contract would be terminated and folded into this Contract?

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

7.6 EBT (Electronic Benefit Transfer)

The Electronic Benefit Transfer program is for the most part distribution of Food Stamp benefits that are governed by Federal Regulation including the procurement process. Has this procurement been approved by the US Department of Agriculture Food and Nutrition Service (FNS) as required by 45 CFR Parts 74 and 95, 7 CFR Section 274.12 and 7 CFR 271-285 for EBT projects?

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

7.6 EBT (Electronic Benefit Transfer)

The Electronic Benefit Transfer program in Arizona has a wide range of services and equipment provided under the contract including Point of Sale (POS) equipment and terminal driving, authorization processing, call center services for cardholders and retailers, settlement with retailers, reporting, telecommunications, systems interfaces and card production and distribution. In the current contract there are unique pricing structures required. What is required for the EBT cost proposal referenced in this section? What are the technical conversion requirements and timeframes?

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

7.6 EBT (Electronic Benefit Transfer)

EBT typically has critical service level requirements, some based on Federal regulations. Please define your service level requirements for EBT including, if any, associated liquidated damages to support the requested pricing.

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable

Question:

7.6 EBT (Electronic Benefit Transfer)

What are the volumes associated with the EBT program? How many retailers, clients, EBT only merchants, ATMs, etc, are involved.

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable

Question:

4 Warrant Reconciliation 4.1

Can we assume that individual accounts are maintained for each of the 14 types of warrants issued? If not, please provide details.

Reply:

Yes, there are individual accounts for each bank type.

Question:

4 Warrant Reconciliation 4.2

Are the warrants charged to the State of Arizona's accounts on the day of presentment?

Reply:

Yes, upon approval of the State Treasurer's Office.

Question:

4 Warrant Reconciliation 4.2

Can we assume that the current warrant services include full recon with positive pay? If so, are daily mismatches reported and decisioned via an Internet based application?

Reply:

Full recon is utilized on the warrant accounts. Not all warrant services include positive pay. Some utilize reverse positive pay, such as our main servicing account. The daily mismatches are presented to the servicing bank for reimbursement and then rerun through the system. This is not an Internet based application. Please see appendix D and scope of work, section 4.4, page 25.

Question:

4 Warrant Reconciliation 4.3

Is the balance information for daily warrants expected by 5:00 a.m. MST the day the warrants are presented for payment?

Reply:

Yes. Please see appendix B.

Question:

4 Warrant Reconciliation 4.3

Would the State Treasurer consider alternative methods of receiving the daily printout information described? Is this printout provided for paid warrants for the previous business day?

Reply:

An electronic version might be acceptable provided that it meets the requirements stated in the scope of work.

Question:

4 Warrant Reconciliation 4.4

What process does the State of Arizona currently use to notify the bank of any items to be returned?

Reply:

Please see appendix D and reply to 4.2 above regarding mismatches.

Question:

4 Warrant Reconciliation 4.4

Are the physical warrants delivered to the State Treasurer on the day they are presented for payment or the following day by 10:30 a.m. MST?

Reply:

They are delivered to the Department of Administration on the following day by 10:30 a.m. MST. Please see scope of work, section 4.4, page 25.

Question:

4 Warrant Reconciliation 4.5

Is the State Treasurer willing to assume the cost of cashing state warrants on behalf of the payees?

Reply:

No. Please see scope of work, section 4.5, page 25.

Question:

4 Warrant Reconciliation 4.5

When warrants are “replaced with duplicates” for original items that were destroyed damaged or lost, are the replacement warrants issued with the same warrant number or a new number?

Reply:

A new warrant number.

Question:

6 Warrant Imaging 6.1

There is reference to the State of Arizona maintaining the warrants for a minimum of two months (paragraph #1). In paragraph #3 you reference the bank “shall retain the physical warrant” until notified by the State that they can be destroyed. Please clarify this process.

Reply:

After imaging, the warrants are sent to the State of Arizona, General Accounting Office. They are retained at that facility for two months. Currently, the warrants are then destroyed by the General Accounting Office.

Question:

Appendix A

How would the State like us to reflect additional products or credits relative to the pricing table in Appendix A?

Reply:

They may be shown as an addendum to appendix A, but must reference specific item(s) contained within Appendix A (bid form).

Question:

Scope of Work 12.5 & 12.6

Section 12.5 and 12.6 are duplicates of sections 7.2 and 7.3 and refer to ACH processing, yet are in the Merchant Services section. How should bidders respond?

Reply:

As they pertain to each activity.

Question:

Exhibit 4

Are times quoted for armored car pickup related to current armored car routes or times when work is available? Can pickup times vary within a window of 2-3 hours provided they occur on the quoted day?

Reply:

The times quoted are for current services. Most pickups must stay within the same time frame.

Question:

Will answers to Questions be posted as an addendum?

Reply:

Questions and Responses will be posted on our website at www.aztreasury.gov.

Question:

Can the treasurer's office provide an anticipated date of answers?

Reply:

Target date of 4-14-06 for questions received by the end of business on 4-12-06.

Question:

Is the Treasurer's office requesting a list of all nearby locations to State offices as listed on page 35-37?

Reply:

No.

Question:

Page 14 - section 7.6. - Please define EBT (Electronic Benefit Transfer)

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

Page 28 - Section 9.1 - Is the State Fair branch still a requirement of the RFB?

Reply:

Yes, per section 9.1 of the scope of work.

Question:

Page 5 - section 3.1.1 a - "The only fees that will be accepted as a valid bid are those called for on the bid form". May we also submit our own schedule of fees with some additional terminology that coincides with the types and names of fees that will actually appear on a Merchant Statement?

Reply:

Yes. This can be shown as an addendum to appendix A, but must reference specific item(s) contained within Appendix A (bid form).

Question:

Page 9 - section 9.1 - does this require the social security number or Employee ID number of a specific person? Or can this be an Employer ID number for the company?

Reply:

It can be an employer ID for the company.

Question:

Page 10 section E, 2 Prompt Payment Discount - Please elaborate on how evaluating proposals will be impacted by this.

Reply:

Please refer to Uniform Instructions to Bidders, section E.2.

Question:

Page 29 section 12.8.2 - Please explain the nature of a "miscellaneous" transaction.

Reply:

All items on daily reports shall be identified and not labeled as miscellaneous.

Question:

Page 31 section 13.2 e - Does this include supporting products offered by separate companies, such as Microsoft Explorer?

Reply:

Yes.

Question:

Page 13 paragraph 4.1

Deposit Collateral:

1 Is the awarded bank required to maintain the collateral with BONY. Can the awarded bank use the Federal Reserve as its custodian and will the State agree to the terms of Circular 7 from the Federal Reserve

Reply:

No. The awarded bank is not required to maintain collateral with Bank of New York. See Special Terms and Conditions, section 4. The requirements are outlined in exhibit 5.

Question:

Page 26 paragraph 5.1

Direct Deposit of State Employee Paychecks:

1. How often is the State's Payroll?
2. How many employees take advantage of Direct Deposit of Payroll Services?
3. What is the maximum dollar amount, per file, for the State's Direct Deposit of Payroll for it's employees?

Reply:

1. Bi-weekly.
2. As of the payroll for 4-14-06, there were 37,235 total direct deposits.
3. Our database fields are 11.2 so the largest number that could be processed (sent) is 99,999,999,999.99. The largest dollar amount to date for a Direct Deposit Payroll file was \$41,877,725.36.

Question:

Page 26 paragraph 7.1

ACH-Vendor Payments:

1. "The servicing bank is responsible for converting the transmitted data into the proper format and processing the transactions through the ACH network". Does the State deliver their files in something other than a standard NACHA format?
2. How frequently does the State issue vendor payments via ACH?
3. What is the maximum dollar amount, per file, for the State's ACH Vendor Payments?

Reply:

1. Currently we deliver our ACH files under two different NACHA formats, CTX and CCD+. See Appendix N for details of these layouts. Additionally, within the 80 position Payment Related Information Field of the CCD+ Addenda Record, remittance information corresponding to the child support payment made by an employer to an SDU is presented in the banking convention listed in the table below.

DED CHILD SUPPORT CONVENTION

Element	Comments	Content	Attributes		
	Segment Identifier	DED	M	ID	3/3
DED01	Application Identifier	CS	M	ID	2/2
DED02	Case Identifier	XXXXXXXXXX	M	AN	1/20
DED03	Pay Date	YYMMDD	M	DT	6/6
DED04	Payment Amount	\$\$\$\$\$\$\$\$CC	M	N2	1/10
DED05	Non-Custodial Parent Social Security Number	XXXXXXXXXX	M	AN	9/9
DED06	Medical Support Indicator	'Y' - Yes, 'N' - No	M	AN	1/1
DED07	Non-Custodial Parent Name	XXXXXXXXXXXX	O	AN	1/10
DED08	FIPS Code	XXXXXXX	O	AN	5/7
DED09	Employment Termination Indicator	'Y' - Yes	O	AN	1/1

2. The State currently issues ACH payments on a daily basis. Every weekday, with the exception of State holidays.

3. Our database fields are 11.2 so the largest number that could be processed (sent) is 99,999,999,999.99. The largest dollar amount for an ACH file so far this calendar year was \$87,623,031.82.

Question:

Page 14 paragraph 7.5

Travel Card Program:

1. Do you have a current program?

Reply:

No. Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

Page 14 paragraph 7.4

Purchase Card Program:

1. Do you have a current program?

Reply:

Yes. Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

Page 14 paragraph 7.4
Purchase Card Program:
2. with whom?

Reply:

American Express. Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

Page 14 paragraph 7.6
EBT (Electronic Benefit Transfer):
1. Regarding the use of a EBT card, please describe your vision of how this program would be used

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

Page 24 paragraph 2.2
Dedicated Bank Account Services:
1. Please define "revolving" account

Reply:

1. Revolving account (imprest account) is a fund in which the amount of the cash receipts is normally equal to the amount of cash disbursements. In Arizona, there five types of revolving funds: 1) internal service funds; 2) enterprise funds; 3) 90/10 funds; 4) statutorily mandated funds; and 5) imprest funds.

Question:

Page 24 paragraph 2.2
Warrant Reconciliation:
1. Are the warrant types segregated by account number or serial number?

Reply:

Serial number: A 7 digit serial number, with a 2 digit preceding "Bank Type" number is used for the State of Arizona warrants.

Question:

Page 25 paragraph 4.4

Warrant Reconciliation:

1. Reference is made to clear and legible "cancellation" dates and warrant numbers?
2. Does "cancellation" in this instance mean the same thing as "paid"?
3. Given recent legislative changes, is physical delivery of Warrants still a requirement, or is image delivery acceptable?

Reply:

1. Correct.
2. Yes.
3. At this time, physical delivery of Warrants is still a requirement along with receiving images. See scope of work, page 26, section 6.

Question:

Page 26 paragraph 6.1

Warrant Imaging:

1. Do you currently receive Warrants on a daily basis?
2. Will you continue to retain original warrants after bank delivers via image providing image quality is acceptable?
3. Can we obtain a copy of a paid warrant?

Reply:

1. Yes.
2. Yes.
3. Copy provided on 4-11-06.

Question:

Page 26 paragraph 7.2

Regarding Return Items (checks):

1. Are returns directed to the main concentration account, or to the account of first deposit?
2. If they are directed to the account of first deposit, would the state be receptive to having them directed to one account if the Bank could provide access to good reporting on the status of these transactions?

Reply:

1. Main concentration account.
2. N/A.

Question:

Is the State pre-encoding any of their deposited checks in-house?

Reply:

Yes, but only a couple agencies with low volume.

Question:

How should pricing be presented where our methodology differs from that of the current provider? Can we amend the Bid Form?

Reply:

No, you can not amend the bid form. You can provide an addendum to Appendix A, but it must reference specific item(s) contained within Appendix A (bid form).

Question:

Is there a requirement that the Lock Box P.O. Address and associated processing be conducted within the State of Arizona?

Reply:

No. However, industry standards must be adhered to regarding processing and posting of items.

Question:

Will submitted questions be shared with all of the bidders?

Reply:

Questions and Responses will be posted on our website at www.aztreasury.gov.

Question:

Appendix N
ACH File Confirmation Layout) Narrative in the Scope of Work indicates that an e-mail file confirmation is required. The layout provided is for a transmitted confirmation. Which method of delivery is preferred?

Reply:

A confirmation file is requested to verify all payments submitted, see Appendix N for layout. In addition, an email notification is requested to alert for any returned items, reversals, refused reversals, or rejected pre-notes.

Question:

Depository Services

Under Depository Services, Appendix A shows a average volume of 44,271 for banking center deposits. Can you tell us what branches/locations these deposits are made?

Also, can you tell us the cash versus check composition of these deposits?

Are these deposits made during business hours or as night drop deposits?

Reply:

1. No.
2. No.
3. Business hours.

Question:

Cash Vault

In which cities do you currently request the servicing bank to fill Change Orders?

Can you provide the volumes of coins requested in these branches?

Reply:

1. Varies and can occur in multiple areas within the state.
2. No.

Question:

As a general rule, are wire transfer originations centralized in the Treasurer's office?

How many, if any, wire transfer originations are requested at the retail branches of your servicing bank?

Reply:

1. Yes.
2. None.

Occasionally, we may request our account manager to execute a wire transfer that the Treasurer's Office is unable to complete.

Question:

Please provide a list of foreign currencies requested.

Reply:

Canadian and Yen is the most commonly requested, however, we must accommodate most commonly traded foreign currencies. Foreign wire out requests are generated by the various state agencies, therefore we will not have advanced notice.

Question:

Lockbox

Are any of the lockbox items dropped off in the branch locations or are they mailed directly to the designated P.O. Boxes?

Reply:

They are mailed directly to the designated P.O. Boxes.

Question:

Appendix A

In Appendix A, there are numerous line items for lockbox services, however, lockbox services are not included in the scope of work. Please provide a description of the required lockbox services so that these services may be priced.

Reply:

Please refer to Appendix A the bid form for a list of existing services. Additional clarification may be provided on an item by item, as needed basis.

Question:

Page 3, last paragraph states "servicing bank and merchant card processor will be under contract by the State Treasurer and State agencies for the period of January 1, 2007 through December 31, 2009". However, the Arizona State Treasurer website states that current contract expires in June of 2006. Please confirm start date of new servicing bank contract.

Reply:

The contract start date will be January 1, 2007. The current contract will be extended.

Question:

Please provide a fully disclosed current account analysis statement.

Reply:

Copy faxed 4-13-06.

Question:

Page 5, section 1

Pricing 1.1 notes that two methods of compensation are acceptable, compensating balances or fees charged. Which method is the State currently utilizing?

Reply:

Compensating balance.

Question:

Page 14, section 6

Designated State Accounts Manager 6.1 notes that bank staff should provide "Collection assistance with letters of credit drawn on the US Treasury." How often is this service requested from the current servicing bank?

Reply:

Activity is minimal.

Question:

Page 14, section 7

Optional Services 7.2 Advanced Remittance Lockbox Services. Please define "Advanced" and provide detailed information on current lockbox usage.

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

Page 14, section 7

Optional Services 7.6 EBT. Is the State currently this service in any agencies, if so, which ones?

Reply:

1. Yes.
2. Department of Economic Security.

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

Page 24, section 2

Dedicated Bank Account Services 2.2, please define "revolving" account.

Reply:

Revolving account (imprest account) is a fund in which the amount of the cash receipts is normally equal to the amount of cash disbursements. In Arizona, there five types of revolving funds: 1) internal service funds; 2) enterprise funds; 3) 90/10 funds; 4) statutorily mandated funds; and 5) imprest funds.

Question:

Pages 47 - 53 and 56-57

Pricing, can you please confirm if the volumes are monthly or annual averages on both the banking and merchant services?

Reply:

Annual Usage on both banking and merchant services.

Question:

Page 14 Section 7.2

Advanced Remittance Lockbox Services:

1 - Are tax and document processing services related to individual and corporate income return documents (form redesign services, automated data capture of 1D/2D barcodes and machine/hand printed forms, deployment of rules to validate data and find submission errors, tax return repair queues, and image archive services) within the scope of planned services related to "Advanced Remittance Lockbox Services?"

2 - Please define "Advanced Remittance Lockbox Services."

3 - Please list all lockbox applications planned within the scope of "Advanced Remittance Lockbox Services" and the lockbox services contemplated for each application.

Reply:

Optional Services will not be used in the evaluation process. These services are not currently used under the servicing bank contract, therefore general service descriptions and pricing structures are acceptable.

Question:

Page 4

Offer and Acceptance form: Under Offer section, if the 'servicing bank' will provide the merchant services, do you require both the Merchant Card Processing authorization and the Servicing Bank authorization? If yes, may the bank submit one document for each?

Reply:

You can submit one document for both servicing bank and merchant card services.

Not all questions have been addressed at this time. Please see this site for updates as information is available.

Optional services will be addressed as time permits.